

August 5, 2001

Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84501

Copy Permit Renewal file

[Redacted]

Gentlemen:

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I am writing regarding Permit C/007/020 covering operations for the Horizon No. 1 Mine. There are a number of concerns which I believe should be resolved before operations are allowed under this Permit:

1. How will Lodestar handle subsidence on the surface property? I do not believe this has been addressed.
2. Other land owners have lost a large amounts of water in this area due to mining activities. How will the loss of water on the property be replaced?
3. How financially stable is Lodestar Energy to fix these problems considering the fact they have taken out Chapter 11? Is there adequate bonding to cover these concerns?
4. Lodestar is required to drill two water monitor wells, but have not done so. Shouldn't this be a prerequisite to renewal of this Permit?

Thank you for your cooperation in this matter, please feel free to contact me at 435-637-3072 or 435-650-1467.

Sincerely,

Steve Stamatakis

Steve Stamatakis

RECEIVED

DIVISION OF
OIL AND GAS AND MINING

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